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6 APR 1976

Honorable Howard Cannon, Chairman  
Committee on Rules and Administration  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

The Senate version of the Federal Election Campaign Act, which was passed 24 March, contains a provision (section 502) requiring all Federal employees who make over \$25,000 to file public financial statements with the Comptroller General. The Senate Committee on Rules and Administration will soon be in conference on this Act. If this provision remains as it is, it would raise serious problems for intelligence agencies, some of whose personnel are "under cover."

Attached is a fact sheet which discusses these problems in greater detail. We are consulting with Ed Hall on this, but I wanted to alert you personally.

Sincerely,

*/s/ George Bush*

/s/ George Bush  
George Bush  
Director

Enclosure

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The Senate passed a version of the Federal Election Campaign Act which contains a provision (Section 502) requiring all Federal employees who make over \$25,000 to file public financial statements with the Comptroller General. If adopted by the Conference, this provision would raise serious problems for those law-enforcement and intelligence agencies who have personnel "under cover."

This provision would seriously inhibit the CIA's ability to conduct its basic intelligence mission. In order to fulfill its primary responsibility of providing our nation's policy-makers with accurate and current information on foreign developments, a substantial number of our employees cannot be openly identified with CIA or the United States Government. The public availability of these financial statements would permit any American or foreigner residing in this country to learn the identities of all CIA employees earning the specified salary.

A related problem concerns the daily access CIA employees have to highly classified information, information which would be extremely valuable to hostile foreign intelligence services, and for which foreign services have, and would offer large sums of money. Numerous attempts have been made by foreign intelligence services to recruit Agency employees. The disclosure of the financial status of all CIA employees would assist opposition services in identifying CIA employees for possible approach.

Congress has recognized that the Agency's ability to accomplish its unique mission could be jeopardized by public disclosure of the names and other data regarding CIA employees, as is required by these financial disclosure bills. Accordingly, Section 7 (now Section 6) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403g) was enacted. This section reads:

"In the interests of the security of the foreign intelligence activities of the United States and in order further to implement the proviso of section 403(d)(3) of this title that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure, the Agency shall be exempted from the provisions of any ... law which require[s] the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency...."

A serious question of statutory conflict with Section 6 of the CIA Act might arise if a financial disclosure bill was enacted which required the public identification of CIA employees.

POSSIBLE LANGUAGE FOR FINANCIAL DISCLOSURE SECTION

Where the President finds it necessary for the effective conduct of military, foreign policy, or law enforcement functions of the United States, he may require that reports made under this Act not be filed with the Comptroller General, or otherwise made public, in which case such reports shall be filed with the appropriate agency head.